UNIVERSITY OF NORTH CAROLINA
A SYSTEM OF HIGHER LEARNING

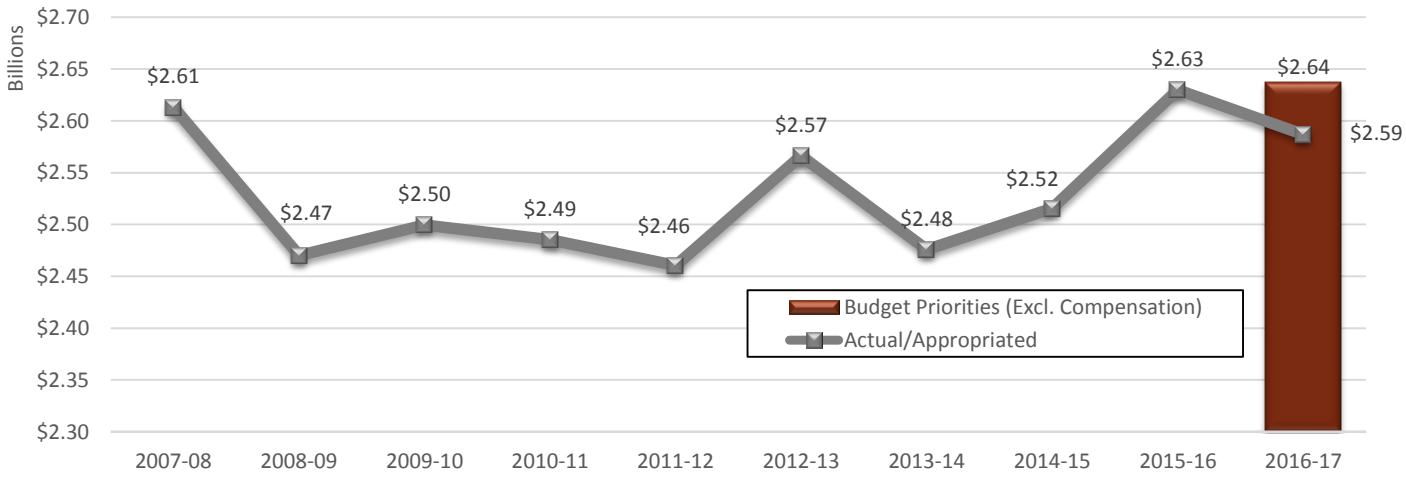
Recommended FY 2016-17 Operating Budget Priorities

The future growth of North Carolina's economy is dependent on producing more college graduates. The UNC System produces over 52,000 graduates annually and our six-year graduation rate of 63% exceeds the national average. However, this success is uneven. We can and must do better. Implementing aggressive strategies to close the achievement and skills gap and to improve completion rates across our universities are required to meet our state's workforce needs.

Budget Priorities

1. Retain Top Talent	Equity with other state employees
a. Reserve for Merit-Based Performance Compensation	
b. Faculty Recruitment and Retention Fund	3,000,000
2. Education Attainment = Growing NC's Economy	**$29,000,000**
a. Innovative Intervention Strategies to Improve Completion Rates	18,000,000
b. Build Data-Centric Systems of Success and Accountability	3,000,000
c. Leveraging Technology and Learning Innovations to Get Part-Way Students Home	3,000,000
d. STEM and Health Degrees Merit Scholarship Program	5,000,000
3. Technical Adjustments	**$18,326,929**
a. Fully Fund Enrollment Change (in addition to 2016-17 reserve)	1,972,533
b. Eliminate Private Fundraising Cap	16,354,396

In total, excluding our merit-based compensation request, we are requesting $7.4 million more than our FY 2015-16 budget and $33.9 million less than originally requested for FY 2016-17.



Note: FY 2007-08 to FY 2014-15 figures are year-end actual appropriations. The line graph figures for FY 2015-16 and 2016-17 are as appropriated by the 2015 Appropriations Act.

Approved by the Board of Governors on April 15, 2016

1. Retain Top Talent

Reserve for Merit-Based Performance Compensation Equity with Other State Employees

The funds will provide for merit-based increases as allowed by law. Each 1% increase costs $29.1M, including benefits: $15.5M for faculty, $5.7M for EHRA non-faculty, and $7.9M for SHRA employees.

Faculty Recruitment and Retention Fund $3,000,000

These funds will improve UNC's ability to recruit and retain nationally-recognized faculty. The fund was established in FY 2006-07 with $5 million, and has received $8 million in additional appropriations and made over 500 awards. As of January 2016, the unobligated monies remaining in the fund were $721,584.

2. Education Attainment = Growing NC's Economy

Innovative Intervention Strategies to Improve Completion Rates $18,000,000

These funds will provide seed funding to our universities to improve completion rates, using a research-based tool box of strategies. Examples include:

- First-year course enhancements (redesigns, seminars, early alerts)
- Academic enrichment services (tutoring, advising, proactive outreach)
- Merit-based financial interventions (summer, emergency, be-on-time loans)

Build Data-Centric Systems of Success and Accountability $3,000,000

These funds will be used to improve overall student success through targeted evaluation and programs focused on high impact practices. We will form partnerships with organizations that provide capacities for predictive analytics, which will allow our universities to link students with the proper services to improve completion rates.

Leveraging Technology and Learning Innovations to Get Part-Way Students Home $3,000,000

These funds will invest in more flexible academic pathways for students and deepen efforts to recruit, retain, and graduate "partway home," military-affiliated, and other non-traditional students. Special emphasis will be on program development in high-demand fields (based on the skills that graduates need for successful careers throughout the state and region).

STEM and Health Degrees Merit Scholarship Program $5,000,000

These funds will provide a minimum of 4,000 merit-based scholarships (at least 1,000 per year, over four years) to encourage academically gifted and highly sought after STEM, Health, and Education degree-seeking students in those fields to attend UNC institutions. Our universities shall seek private donations to match these scholarships, with a goal of enabling superior, academically qualified resident undergraduate students to complete their degree debt-free.

3. Technical Adjustments

Fully Fund Enrollment Change $1,972,533

$31 million was appropriated to a reserve for FY 2016-17 enrollment funding, based on projections completed in Fall 2014. Based on updated data, an additional $1.97 million will be required to fully fund enrollment. Total budgeted enrollment will increase 1.5%, from 203,014 FTE to 206,139 FTE.

Eliminate Private Fundraising Cap $16,354,396

Fundraising gifts, commitments, and pledges increased last year 27%, from $649M to 822M systemwide, with a return-on-investment of $10.39 to $1. However, the 2015 Appropriations Act capped campus state appropriations support of advancement activities to $1 million, and cut $16.4 million from our budget. Eliminating the cap and the associated reduction will enable our universities to continue their strong private fundraising efforts.